



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - Public distribution

**Date:** 8/26/2008

**GAIN Report Number:** UZ8008

## Uzbekistan

### Cotton and Products

### Cotton Quarterly Update

**2008**

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**Report Highlights:**

Post preliminarily forecasts MY08/09 lint cotton production to be 5.15 million bales which is 215,000 bales lower than the previous estimate. Due to the decreased production forecast, Uzbekistan's MY2008/09 cotton exports are forecast to be 4.15 million bales compared to 4.5 million bales in the previous estimate.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Quarterly Report  
Ankara [TU1]  
[UZ]

**PRODUCTION**

Although MY08/09 cotton sowing was completed ahead of time, experts believe that lower than normal winter precipitation and considerable shortages of irrigation water might have a negative effect on the crop in late spring and early summer. Also, a very dry and hot month of July was a big challenge for most cotton growers. In Uzbekistan, 90 percent of farmland uses artificial irrigation. Inefficient and crumbling irrigation systems still cause substantial water loss. According to international experts, this year the region has entered another cycle of hydrological drought that normally lasts for two to three years, and there is below-normal surface water available for irrigation.

In spite of considerable irrigation related problems, still most local experts believe that the vegetation period went fairly well. The Uzbek government announced that the target planted area for MY08/09 would be 1.391 million hectares. The state production target for seed cotton nevertheless remains 3.6 MMT. Because of the abovementioned problems with irrigation water supplies, especially during vegetation, Post preliminarily forecasts MY08/09 lint cotton production to be 5.15 million bales which is 215,000 bales lower than the previous estimate. Production of Extra-Long Staple cotton remains insignificant in Uzbekistan.

As of today, except for a slight honeydew problem in some regions, independent experts do not expect any major quality problems as long as there is no significant precipitation during the mid autumn harvest. The cotton harvest is expected to start in a few days in the Southern regions.

**Table 1: Cotton Production, Supply and Demand**

<b>Uzbekistan, Republic of Cotton</b>										
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Yr Begin		08/2006	08/2006		08/2007	08/2007		8/2008	08/2008	MM/YYYY
Area Planted	0	0	0	0	1430	0	0	1430	1400	(HECTARES)
Area Harvested	1430	1430	1430	1450	1430	1450	0	1430	1400	(HECTARES)
Begin Stocks	1248	1248	1248	1198	1198	1198	0	1248	1148	1000 480 lb.
Production	5350	5350	5350	5500	5500	5350	0	5365	5150	1000 480 lb.
Imports	0	0	0	0	0	0	0	0	0	1000 480 lb.
MY Imports U.S.	0	0	0	0	0	0	0	0	0	1000 480 lb.
Total Supply	6598	6598	6598	6698	6698	6548	0	6613	6298	1000 480 lb.
Exports	4500	4500	4500	4450	4580	4400	0	4500	4350	1000 480 lb.
Use	900	900	900	1000	920	1000	0	1000	1000	1000 480 lb.
Loss	0	0	0	0	0	0	0	0	0	1000 480 lb.
Tot Dom. Cons.	900	900	900	1000	920	1000	0	1000	1000	1000 480 lb.
Ending Stocks	1198	1198	1198	1248	1198	1148	0	1113	948	1000 480 lb.
Total Distribution	6598	6598	6598	6698	6698	6548	0	6613	6298	1000 480 lb.

Stock to Use %	22	22	22	23	22	21	0	20	18	(PERCENT)
Yield	815	815	815	826	837	803	0	817	801	(KG/HA)

### Domestic Prices

Domestic cotton prices for the new crop will be set as usual in the beginning of September just before the harvest. The MY07/08 average procurement price for seed cotton (based on grade 2 class 5) was 352,000 Sums per ton, and the average wholesale price for lint procured for state needs was reportedly 1.595 million Sums per ton. MY08/09 cotton procurement prices for both seed cotton and lint are expected to rise at least 10-15 percent over last year's prices.

(The current official exchange rate is 1320 Sums = 1.00 USD)

### CONSUMPTION

MY 2008/09 domestic consumption is forecast to remain at 1.0 million bales. According to experts, the growth in consumption is still expected to rise, although slowly. Local industry sources believe that high prices for man-made fiber and yarn will positively influence expansion in domestic spinning capacity. Reportedly, by the end of 2007, 19 new textile mills were opened with a total investment portfolio of USD110 million. Several new mills are planned to open by the end of 2008. As a result, in MY 2008/09 cotton yarn production is forecast to rise by 50,000 tons, stockinet by 18,000 tons, fabrics by 5.5 million square meters, and knitted products by 7.7 million pieces.

### TRADE

Due to the decreased production forecast, Uzbekistan's MY2008/09 cotton exports are forecast to be 4.15 million bales compared to 4.5 million bales in the previous estimate. There are no noticeable changes in the trade patterns. In general, Russia, China and some other South Asian buyers remain the leading importers of Uzbek cotton.